

Message Text

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ACTION EA-09

INFO OCT-01 ISO-00 DHA-02 EB-07 COME-00 AID-05 TRSE-00

OMB-01 XMB-02 IGA-02 PM-04 NSC-05 SP-02 SS-15

L-03 PRS-01 CIAE-00 INR-07 NSAE-00 (ISO) W

-----182312Z 071624 /43

R 180900Z MAY 77

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 9903

C O N F I D E N T I A L MANILA 7587

FOR NAC AGENCIES

E.O. 11652: GDS

TAGS: SHUM, EFIN, RP

SUBJECT: HUMAN RIGHTS: U.S. VOTE ON ADB LOAN TO PHILIPPINES

REF: (A) STATE 107525, (B) STATE 109459, (C) MANILA 6957,

(D) TREASURY 77-64, (E) MANILA 7547

1. REF C SUMMARIZES A PROPOSED ADB LOAN TO THE PHILIPPINES FOR THE TAGO RIVER IRRIGATION PROJECT, AND TECHNICAL ASSISTANCE FOR THIS PROJECT AND FOR THE SECOND MINDANAO IRRIGATION STUDY. REF D REPORTS NAC AUTHORIZATION TO CONCUR IN AFFIRMATIVE BOARD ACTION ON PROPOSED LOAN. EMBASSY BELIEVES THAT THE LOAN AND TECHNICAL ASSISTANCE GRANTS WOULD PROMOTE RURAL AND AGRICULTURAL DEVELOPMENT IN ONE OF THE MORE BACKWARD AREAS OF THE PHILIPPINES, AND THEREFORE AGREES WITH USADB AND NAC THAT IT DESERVES OUR SUPPORT.

2. THIS LOAN PROPOSAL OF COURSE COMES AT THE SAME TIME AS IBRD BOARD CONSIDERATION OF \$15 MILLION RURAL DEVELOPMENT LOAN DISCUSSED IN REFS A AND B. ADB BOARD CONSIDERATION WAS ORIGINALLY SCHEDULED FOR MAY 19, BUT AS INDICATED IN REF E CONSIDERATION HAS NOW BEEN POSTPONED, FOR REASONS DISCUSSED BELOW.

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3. DURING DISCUSSION WITH PHILIPPINE ADB DIRECTOR ALEX MELCHOR AT SOCIAL OCCASION ON MAY 16, CHARGE OUTLINED EMBASSY'S RECOMMENDATION WITH RESPECT TO IBRD LOAN AND POSSIBILITY THAT U.S. DIRECTOR WOULD MAKE SOME STATEMENT RELATING TO HUMAN RIGHTS. TO MELCHOR'S QUESTION CONCERNING POSSIBILITY OF SIMILAR STATEMENT WITH RESPECT TO ADB LOAN,

CHARGE RESPONDED THAT NO INSTRUCTIONS HAD BEEN ISSUED, BUT DID NOT PRECLUDE POSSIBILITY. EVIDENTLY MELCHOR ALREADY HAD OFFICIALLY REQUESTED POSTPONEMENT OF BOARD CONSIDERATION OF LOAN, OSTENSIBLY TO COMPLETE WORK BY NATIONAL IRRIGATION AUTHORITY. IN ANY EVENT, ADB CIRCULATED NOTIFICATION OF INDEFINITE POSTPONEMENT OF CONSIDERATION ON MAY 16. MELCHOR ON MAY 17 TOLD CHARGE HE HAD INSTIGATED DELAY TO TAKE ADVANTAGE OF ANTICIPATED REDUCTION IN LENDING RATE, AND TO WAIT "UNTIL THIS HUMAN RIGHTS THING BLOWS OVER".

4. NEXT ADB BOARD MEETING IS SCHEDULED FOR MAY 31, BUT WE UNDERSTAND BANK WILL RECONSIDER INTEREST RATES IN JULY, AND THAT MELCHOR HAS SUGGESTED RESCHEDULING AT THAT TIME. BY JULY, PHILIPPINE HUMAN RIGHTS SITUATION, PARTICULARLY AS IT RELATES TO EPISODE INVOLVING MRS. HERRERA, MAY HAVE CLARIFIED GUIDING OUR JUDGMENT ON APPROPRIATE TACTICS TO USE IN RELATION TO THIS LOAN. EMBASSY WILL THEREFORE KEEP TRACK OF LAON PROPOSAL AND MAKE OUR RECOMMENDATION WHEN LOAN IS RESCHEDULED FOR CONSIDERATION.

5. WASHINGTON AGENCIES MAY ALSO WISH TO EXAMINE TECHNICAL CONSIDERATION WHICH HAS BEEN RAISED WITH US. MELCHOR AND ASSOCIATE, WHO CLAIMS TO BE IN IBRD GENERAL COUNSEL'S OFFICE AND TO HAVE WORKED ON AGREEMENT ESTABLISHING ADB, POINTED OUT TO CHARGE THAT ARTICLE 36, CHAPTER 2 OF THIS DOCUMENT IS RELEVANT TO THIS ISSUE. THIS PARAGRAPH STATES THAT THE BANK AND ITS OFFICERS "SHALL NOT INTERFERE IN THE POLITICAL AFFAIRS OF ANY MEMBER, NOR SHALL THEY BE INFLUENCED IN THEIR DECISIONS BY THE POLITICAL CHARACTER OF THE MEMBER CONCERNED. CONFIDENTIAL

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ONLY ECONOMIC CONSIDERATIONS SHALL BE RELEVANT TO THEIR DECISIONS." MELCHOR WAS OF OPINION THAT THIS SHOULD PRECLUDE ANY SORT OF STATEMENT BY U.S. DIRECTOR ON HUMAN RIGHTS ISSUE.

6. EMBASSY WILL APPRECIATE REPORT OF EVENTS AT APRIL 17 MEETING OF IBRD BOARD. STULL

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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